

**LODI CITY COUNCIL
SPECIAL CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, JANUARY 21, 2003**

A. CALL TO ORDER / ROLL CALL

The Special City Council meeting of January 21, 2003, was called to order by Mayor Hitchcock at 7:01 a.m.

Present: Council Members – Beckman, Hansen, Howard, Land, and Mayor Hitchcock

Absent: Council Members – None

Also Present: City Manager Flynn, City Attorney Hays, and City Clerk Blackston

NOTE: The following items were heard and discussed out of order.

C. REGULAR CALENDAR

- C-1 "Adopt resolution urging the California Legislature to reject the Governor's proposed shift of local Vehicle License Fee (VLF) revenues and to honor the 1998 commitment to restore the VLF"

Deputy City Manager Keeter reported when the legislators decided to reduce the VLF and backfill it from the State's general fund it included a trigger, which stipulated that if it could no longer fulfill its obligation (i.e. to backfill) then it would reinstate the VLF. She noted that the resolution presented to Council this morning mirrors what the League of California Cities has requested each city submit to the governor. Backfill revenues constitute approximately 13% of Lodi's general fund. This would equate to \$1.1 million this year and \$2.35 million next year. Ms. Keeter noted that 43% of the general fund goes toward public safety.

City Manager Flynn estimated that \$1.5 million annually could be saved if vacancies were held at 25. If debt financing was deferred, \$3 million could be saved over a two-year period. Limiting equipment and vehicle purchases to only the absolutely essential would save between \$100,000 to \$250,000 annually.

In reply to Council Member Hansen, Mr. Flynn reported that if there was a permanent reduction in VLF revenues it would amount to \$20 million over a ten-year period, which would otherwise be used for city services and facilities. This would be in addition to the \$20 million the City has given up in the property tax shift.

Council Member Hansen objected to Governor Davis' earlier comment that cities shared in the gain and now must share in the pain. He pointed out that cities did not share in the gain and believed that they should now unite and voice opposition to the governor's budget proposal.

Council Member Beckman distributed a document to Council outlining his opposition to the resolution and a statistical summary of State expenditures (both filed). He reported that since 1998 State revenues have gone up 44% and during that period of time Lodi's revenues increased 30%. Referencing the proposed resolution, Mr. Beckman stated that procedurally the City is asking the State to raise taxes on all Californians. Everyone in California that owns a vehicle would have their taxes increased. Lodi would get 18 cents for every extra dollar paid for a car registered in the city. Since 1998 the VLF was reduced 67%. The proposed resolution asks to restore the VLF to the 1998 levels, which would, in effect, triple the tax. He also believed it was wrong to link the VLF issue with public safety, pointing out that it is Council's responsibility to decide how to spend general fund dollars and what to prioritize. Substantively the City has been asked to share in the burden; however, with the language in the proposed resolution it is asking to be exempt from the State's fiscal crisis. The governor has said that every department and agency that does not come forward and offer a suggestion on how they would participate and do their fair share will be ignored. Mr. Beckman did not believe Council should make policy today based on fears that the shift of local VLF revenues may become permanent. He countered that there is nothing so permanent as a temporary tax.

In response to Council Member Hansen, Mr. Flynn reported that the majority of Lodi's revenue increases have come from an increase in the commercial base and resulting sales tax. He stated that the City will be negatively impacted because of health care costs and the PERS account. It has been projected that with police alone the City will pay as much as 52% of payroll just to pay for PERS, whereas historically it had been 18%.

Discussion ensued regarding amendments to the proposed resolution, which were agreed upon by Council and then summarized as follows by Mr. Flynn:

WHEREAS, revenues derived from the VLF and backfill are of critical importance in funding vital local ~~public health and safety services~~; and

*WHEREAS, any failure by the Legislature to maintain the VLF backfill or restore the VLF will cause widespread disruption in local government services essential to the well-being of California **Lodi** citizens and their ~~cities and counties~~ **family members**; and*

WHEREAS, the City has multiple capital projects, ~~including the Animal Shelter, Indoor Sports Center, Aquatics Facility, and DeBenedetti Park~~ which will likely be delayed; and

*WHEREAS, Governor Davis' proposal to divert ~~\$4 billion~~ **\$3.35 million** in local **City of Lodi** VLF backfill payments over the next 17 months fails to honor the 1998 commitment and is a direct assault on local services that will be felt by every California **Lodi** resident; and*

*WHEREAS, shifting ~~\$4.2 billion~~ **\$3.35 million** in locally City of Lodi controlled revenues for local services is neither equitable nor fair. No state program or department has been asked to shoulder such a disproportionate share of the budget pain. These cuts come on top of the nearly ~~\$5 billion~~ **\$20 million Educational Revenue Augmentation Fund (ERAF)** each year that is transferred from local **City of Lodi** services to fund state obligations.*

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Lodi, California, that if the state General Fund can no longer afford the expense of part or all of the VLF "backfill" that the Legislature and Governor of California are hereby respectfully urged to implement the provisions of the 1998 VLF law. ~~providing for the reduction of the VLF offset in bad economic times and to restore the VLF in an amount necessary to reduce the VLF backfill; and~~

~~RESOLVED FURTHER, that the City of Lodi hereby expresses its profound appreciation to the legislators who support such VLF restoration legislation.~~

Council Member Howard pointed out that either the citizens will pay more each year to register their vehicles, or the City will lose revenues, and in both scenarios it negatively impacts the citizenry. She suggested that Council spend its efforts and energy looking at ways to stimulate the economy.

MOTION / VOTE:

The City Council, on motion of Council Member Land, Hitchcock second, unanimously adopted Resolution No. 2003-09 urging the California Legislature to reject the Governor's proposed shift of local Vehicle License Fee (VLF) revenues and to honor the 1998 commitment to restore the VLF.

SHIRTSLEEVE SESSION OF THE CITY COUNCIL

At 7:50 a.m., Mayor Hitchcock adjourned the Special meeting of the City Council to a Shirtsleeve Session (NOTE: refer to the Shirtsleeve Session minutes of January 21, 2003).

Continued January 21, 2003

B. CLOSED SESSION

At 8:04 a.m., Mayor Hitchcock adjourned the Shirtsleeve Session and reconvened the Special meeting. At 8:09 a.m., Mayor Hitchcock adjourned the Special City Council meeting to a Closed Session to discuss the following matter:

B-1 Conference with Labor Negotiator, Human Resources Director Joanne Narloch, regarding Mid-Management Employees pursuant to Government Code §54957.6

D. RETURN TO OPEN SESSION / DISCLOSURE OF ACTION

At 8:50 a.m., Mayor Hitchcock reconvened the City Council meeting, and City Attorney Hays disclosed the following action.

In regard to Item B-1, the City Council gave direction to continue negotiations.

E. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None.

F. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 8:50 a.m.

ATTEST:

Susan J. Blackston
City Clerk